

FIRST REGULAR SESSION

HOUSE BILL NO. 737

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LEARA.

1901L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.460, 169.471, and 169.490, RSMo, and to enact in lieu thereof three new sections relating to the public school retirement system of the city of St. Louis.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 169.460, 169.471, and 169.490, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 169.460, 169.471, and 169.490, to read as follows:

169.460. 1. Any member may retire and receive a normal pension upon his written application to the board of trustees setting forth at what time not less than fifteen days nor more than one hundred eighty days subsequent to the execution and filing of such application he desires to be retired; provided, that the member at the time so specified for his retirement either (a) shall have attained age sixty-five or (b) shall have attained an age which when added to the number of years of credited service of such member shall total a sum not less than [eighty-five] **eighty**. For purposes of computing any member's age under this section, the board shall, if necessary, add to his actual age any accumulated and unused days of sick leave included in his credited service.

2. Upon retirement pursuant to subsection 1 of this section, a member shall receive an annual pension payable in monthly installments equal to his number of years of credited service multiplied by two percent of his average final compensation subject to a maximum pension of sixty percent of his average final compensation.

3. A member who is not eligible for normal pension pursuant to subsection 1 of this section but who has attained age sixty and has five or more years of credited service may make application in the same manner as pursuant to subsection 1 of this section for an early pension.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 His early pension shall be computed pursuant to subsection 2 of this section, but shall be reduced
18 by five-ninths of one percent for each month such member's early retirement date precedes the
19 earliest date he could have received a normal pension pursuant to subsection 1 of this section had
20 his service continued.

21 4. Upon the written application of the member or of the employing board, any active
22 member who has five or more years of credited service with such board and does not qualify for
23 a normal pension pursuant to subsection 1 of this section may be retired by the board of trustees,
24 not less than fifteen days and not more than one hundred eighty days next following the date of
25 filing such application, and receive a disability pension, provided, that the medical board after
26 a medical examination of such member or such member's medical records shall certify that such
27 member is unable to further perform his duties due to mental or physical incapacity, and that
28 such incapacity is likely to be permanent and that such member should be retired; or, provided
29 the member furnishes evidence of the receipt of disability benefits under the federal Old Age,
30 Survivors and Disability Insurance System of the Social Security Act. The determination of the
31 board of trustees in the matter shall be final and conclusive. A member being retired pursuant
32 to this subsection who has accumulated unused vacation and sick leave may elect to have the
33 commencement of his disability pension deferred for more than one hundred eighty days during
34 the period he is entitled to vacation and sick pay.

35 5. Upon retirement for disability, a member shall receive a disability pension until such
36 time as he meets the requirements for a normal pension pursuant to subsection 1 of this section,
37 at which time his disability pension will be deemed to be a normal pension. The member's
38 disability pension shall be the larger of:

39 (1) A normal pension based on his credited service to the date of his retirement for
40 disability and calculated as if he were age sixty-five; or

41 (2) One-fourth of his average final compensation; except that such benefit shall not
42 exceed the normal pension which he would have received upon retirement if his service had
43 continued and he had satisfied the eligibility requirements of subsection 1 of this section and had
44 his final average compensation been unchanged.

45 6. Once each year during the first five years following retirement for disability and once
46 in every three-year period thereafter while receiving a disability pension, the board of trustees
47 may, and shall, require any member receiving a disability pension who has not yet become
48 eligible for a normal pension pursuant to subsection 1 of this section to undergo a medical
49 examination at a place designated by the medical board or by a physician or physicians
50 designated by such board. If any such member receiving a disability pension refuses to submit
51 to such medical examination, his benefit may be discontinued until his withdrawal of such

52 refusal, and if his refusal continues for one year, all rights in and to his pension may be revoked
53 by the board of trustees.

54 7. If the board of trustees finds that any member receiving a disability pension is engaged
55 in or is able to engage in a gainful occupation paying more than the difference between his
56 disability pension plus benefits, if any, to which he and his family are eligible under the federal
57 Old Age, Survivors and Disability Insurance System of the Social Security Act and the current
58 rate of monthly compensation for the position he held at retirement, then the amount of his
59 disability pension shall be reduced to an amount which together with the amount earnable by him
60 shall equal such current rate of monthly compensation. The decisions of the board of trustees
61 in regard to such modification of disability benefits shall be final and conclusive.

62 8. If any member receiving a disability pension is restored to service as an employee, he
63 shall again become an active member of the retirement system and contribute thereunder. His
64 credited service at the time of his retirement for disability shall be restored and the excess of his
65 accumulated contributions at his retirement for disability over the total disability pension
66 payments which he received shall be credited to his account.

67 9. If a member with fewer than five years credited service ceases to be an employee,
68 except by death, he shall be paid the amount of his accumulated contributions in accordance with
69 applicable provisions of the Internal Revenue Code.

70 10. If a member with five years or more credited service ceases to be an employee,
71 except by death or retirement, he shall be paid on demand the amount of his accumulated
72 contributions, or he may leave his accumulated contributions with the retirement system and be
73 an inactive member and claim a retirement benefit at any time after he reaches the minimum age
74 for retirement, except that if such a member's accumulated contributions do not exceed the
75 involuntary distribution limits under provisions of the Internal Revenue Code, the member must
76 elect to become an inactive member within thirty days of employment separation to avoid
77 application of the involuntary distribution provisions of the Internal Revenue Code. When an
78 inactive member presents his valid claim to the board of trustees, he shall be granted a benefit
79 at such time and for such amount as is available pursuant to subsection 2 or 3 of this section in
80 accordance with the provisions of law in effect at the time his active membership ceased. The
81 accumulated contributions of an inactive member may be withdrawn at any time upon ninety
82 days' notice or such shorter notice as is approved by the board of trustees. If an inactive member
83 dies before retirement, his accumulated contributions shall be paid to his designated beneficiary,
84 if living, otherwise to the estate of the member. A member's accumulated contributions shall not
85 be paid to him so long as he remains in service as an employee.

86 11. Any member upon retirement shall receive his pension payable throughout life
87 subject to the provision that if his death occurs before he has received total benefits at least as

88 large as his accumulated contributions at retirement, the difference shall be paid in one sum to
89 his designated beneficiary, if living, otherwise to the estate of the retired member.

90 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this section, a
91 member may elect to receive the actuarial equivalent of his pension in a lesser amount, payable
92 throughout life under one of the following options with the provision that:

93 Option 1. Upon his death, his pension shall be continued throughout the life of and paid
94 to his beneficiary, or

95 Option 2. Upon his death, one-half of his pension shall be continued throughout the life
96 of and paid to his beneficiary, or

97 Option 3. Upon his death, his pension shall be continued throughout the life of and paid
98 to his beneficiary, provided that in the event his designated beneficiary predeceases him, then
99 his pension shall be adjusted effective the first day of the month following the month in which
100 his designated beneficiary died to the amount determined pursuant to subsection 2 or 3 of this
101 section at the time of his retirement, or

102 Option 4. Upon his death, one-half of his pension shall be continued throughout the life
103 of and paid to his beneficiary, provided that in the event his designated beneficiary predeceases
104 him, then his pension shall be adjusted effective the first day of the month following the month
105 in which his designated beneficiary died to the amount determined pursuant to subsection 2 or
106 3 of this section at the time of his retirement.

107 Option 5. Prior to age sixty-two the member will receive an increased pension, where
108 the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two
109 plus the member's estimated federal Social Security benefit, provided that the reduced pension
110 after age sixty-two is not less than one-half the pension the member could have received had no
111 option been elected.

112

113 A member may elect a combination of Option 1 and Option 5, or Option 2 and Option 5. The
114 survivor benefits payable to a beneficiary, other than the spouse of the retired member, under any
115 of the foregoing options shall in no event exceed fifty percent of the actuarial equivalent of the
116 pension determined pursuant to subsection 2 or 3 of this section at the time of retirement.

117 13. If an option has been elected pursuant to subsection 12 of this section, and both the
118 retired member and beneficiary die before receiving total benefits as large as the member's
119 accumulated contributions at retirement, the difference shall be paid to the designated beneficiary
120 of the person last entitled to benefits, if living, otherwise to the estate of the person last entitled
121 to benefits.

122 14. If an active member dies while an employee and with five or more years of credited
123 service and a dependent of the member is designated as beneficiary to receive his accumulated

contributions, such beneficiary may, in lieu thereof, request that benefits be paid under option 1, subsection 12 of this section, as if the member had attained age sixty, if the member was less than sixty years of age at the time of his death, and had retired under such option as of the date of death, provided that under the same circumstances a member may provide by written designation that benefits must be paid pursuant to option 1 to such beneficiary. In addition to benefits received under option 1, subsection 12 of this section, a surviving spouse receiving benefits under this subsection shall receive sixty dollars per month for each unmarried dependent child of the deceased member who is under twenty-two years of age and is in the care of the surviving spouse; provided, that if there are more than three such unmarried dependent children one hundred eighty dollars shall be divided equally among them. A "dependent beneficiary" for the purpose of this subsection only shall mean either the surviving spouse or a person who at the time of the death of the member was receiving at least one-half of his support from the member, and the determination of the board of trustees as to whether a person is a dependent shall be final.

15. In lieu of accepting the payment of the accumulated contributions of a member who dies after having at least eighteen months of credited service and while an employee, an eligible beneficiary or, if no surviving eligible beneficiary, the unmarried dependent children of the member under twenty-two years of age may elect to receive the benefits pursuant to subdivision (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse, unmarried dependent children under twenty-two years of age or dependent parents of the member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his support from the member at his death.

(1) A surviving spouse who is sixty-two years of age at the death of the member or upon becoming such age thereafter, and who was married to the member at least one year, may receive sixty dollars per month for life. A spouse may receive this benefit after receiving benefits pursuant to subdivision (2) of this subsection;

(2) A surviving spouse who has in his or her care an unmarried dependent child of the deceased member under twenty-two years of age may receive sixty dollars per month plus sixty dollars per month for each child under twenty-two years of age but not more than a total of two hundred forty dollars per month;

(3) If no benefits are payable pursuant to subdivision (2) of this subsection, unmarried dependent children under the age of twenty-two may receive sixty dollars each per month; provided that if there are more than three such children one hundred eighty dollars per month shall be divided equally among them;

(4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars per month as long as not remarried provided no benefits are payable at any time pursuant to

159 subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to
160 benefits, sixty dollars per month shall be divided equally between them;

161 (5) If the benefits pursuant to this subsection are elected and the total amount paid is less
162 than an amount equal to the accumulated contributions of a member at his death, the difference
163 shall be payable to the beneficiary or the estate of the beneficiary last entitled to benefits.

164 16. If a member receiving a normal pension again becomes an active member, his
165 pension benefit payments shall cease during such membership and shall be resumed upon
166 subsequent retirement together with such pension benefit as shall accrue by reason of his latest
167 period of membership. Except as otherwise provided in section 105.269, a retired member may
168 not receive a pension benefit for any month for which he receives compensation from an
169 employing board, except he may serve as a part-time or temporary employee for not to exceed
170 sixty days in any calendar year without becoming a member and without having his pension
171 benefit discontinued. A retired member may also serve as a member of the board of trustees and
172 receive any reimbursement for expenses allowed him because of such service without becoming
173 an active member and without having his pension benefit discontinued or reduced.

174 17. Upon approval of the board of trustees, any member may make contributions in
175 addition to those required. Any additional contributions shall be accumulated at interest and paid
176 in addition to the benefits provided hereunder. The board of trustees shall make such rules and
177 regulations as it deems appropriate in connection with additional contributions including
178 limitations on amounts of contributions and methods of payment of benefits.

179 18. Notwithstanding any other provisions of this section, any member retiring on or after
180 age sixty-five who has five or more years of credited service shall be entitled to an annual
181 pension of the lesser of (a) an amount equal to his number of years of credited service multiplied
182 by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the death of
183 such member, any benefits payable to the beneficiary of such member shall be computed as
184 otherwise provided.

169.471. 1. The board of education is authorized from time to time, in its discretion, to
2 increase the retirement benefits now or hereafter provided pursuant to sections 169.410 to
3 169.540 and to adopt and implement additional retirement benefits and plans, including without
4 limitation early retirement plans, deferred retirement option plans and cost-of-living adjustments,
5 but excluding compensation to retired members pursuant to section 169.475, and for such
6 purpose the contribution rate of members of the retirement system may be increased to provide
7 part of the cost thereof, subject to the following conditions:

8 (1) Any such increase in retirement benefits and additional retirement benefits and plans
9 shall be approved by the board of trustees;

10 (2) The board of trustees shall have presented to the board of education the projected
11 increases in rates of contribution which will be required to be made by members and the board
12 of education to the retirement system to pay the cost of such increases in retirement benefits and
13 additional retirement benefits and plans; and

14 (3) Any increase in the contribution rate of members of the retirement system shall be
15 approved by the board of trustees and shall be deducted from the compensation of each member
16 by the employing board and transferred and credited to the individual account of each member
17 from whose compensation the deduction was made, and shall be administered in accordance with
18 sections 169.410 to 169.540; provided that, any such increase in the members' contribution rate
19 shall not exceed one-half of one percent of compensation in any year for such increases to
20 retirement benefits and additional retirement benefits and plans adopted during such year by the
21 board of education pursuant to this section, and all such increases in the members' contribution
22 rate shall, in the aggregate, not exceed two percent of compensation.

23 2. The board of trustees is authorized from time to time, in its discretion, to increase the
24 retirement benefits, now or hereinafter provided under sections 169.410 to 169.540, and to adopt
25 and implement additional retirement benefits for persons who have retired, including
26 cost-of-living adjustments, provided that the board of trustees finds the additional benefit will
27 not require an increase in the contribution rate required by the members, will not increase the
28 contribution required from the board of education, and is actuarially sound. In the event the
29 board of trustees authorizes an increase under this section, it shall certify in writing to the board
30 of education the findings, including but not limited to all actuarial assumptions, upon which the
31 board of trustees determined that the increase in benefits would result in no increase in
32 contributions by members or the board of education. **Any increase in retirement benefits
33 under this subsection shall not be effective unless approved by a vote of the board of
34 education, or during any time in which powers granted to the board of education are
35 vested in the special administrative board of the transitional school district, unless
36 approved by a vote of the special administrative board.**

169.490. 1. All the assets of the retirement system shall be held as one fund.

2 [1.] 2. (1) The employing board shall cause to be deducted from the compensation of
3 each member at every payroll period five percent of his compensation, and the amounts so
4 deducted shall be transferred to the board of trustees and credited to the individual account of
5 each member from whose compensation the deduction was made. **Effective January 1, 2014,
6 the employing board shall cause to be deducted from the compensation of each member at
7 every payroll period an additional one-half percent of the member's compensation.
8 Effective January 1, 2015, the employing board shall cause to be deducted from the
9 compensation of each member at every payroll period an additional one-half percent of the**

10 **member's compensation. Effective January 1, 2016, the employing board shall cause to be**
11 **deducted from the compensation of each member at every payroll period an additional**
12 **one-half percent of the member's compensation. Effective January 1, 2017, the employing**
13 **board shall cause to be deducted from the compensation of each member at every payroll**
14 **period an additional one-half percent of the member's compensation. Effective January**
15 **1, 2018, the employing board shall cause to be deducted from the compensation of each**
16 **member at every payroll period an additional one-half percent of the member's**
17 **compensation. The amount so deducted shall be transferred to the board of trustees and**
18 **credited to the individual account of each member from whose compensation the deduction**
19 **was made.** In determining the amount earnable by a member in any payroll period, the board
20 of trustees may consider the rate of earnable compensation payable to such member on the first
21 day of the payroll period as continuing throughout such payroll period; it may omit deduction
22 from compensation for any period less than a full payroll period if the employee was not a
23 member on the first day of the payroll period; and to facilitate the making of the deductions, it
24 may modify the deduction required of any member by such amount as shall not exceed one-tenth
25 of one percent of the compensation upon the basis of which such deduction was made.

26 (2) The deductions provided for herein are declared to be a part of the salary of the
27 member and the making of such deductions shall constitute payments by the member out of his
28 salary or earnings and such deductions shall be made notwithstanding that the minimum
29 compensation provided by law for any member shall be reduced thereby. Every member shall
30 be deemed to consent to the deductions made and provided for herein, and shall receipt for his
31 full salary or compensation, and the making of said deductions and the payment of salary or
32 compensation less said deduction shall be a full and complete discharge and acquittance of all
33 claims and demands whatsoever for services rendered during the period covered by the payment
34 except as to benefits provided by sections 169.410 to 169.540.

35 (3) The employing board may elect to pay member contributions required by this section
36 as an employer pick up of employee contributions under Section 414(h)(2) of the Internal
37 Revenue Code of 1986, as amended, and such contributions picked up by the employing board
38 shall be treated as contributions made by members for all purposes of sections 169.410 to
39 169.540.

40 [2.] 3. If a retired member receiving a pension pursuant to sections 169.410 to 169.540
41 is restored to active service and again becomes an active member of the retirement system, there
42 shall be credited to his individual account an amount equal to the excess, if any, of his
43 accumulated contributions at retirement over the total pension benefits paid to him.

44 [3.] 4. Annually, the actuary for the retirement system shall calculate each employer's
45 contribution as an amount equal to a certain percentage of the total compensation of all members

46 employed by that employer. The percentage shall be fixed on the basis of the liabilities of the
47 retirement system as shown by the annual actuarial valuation. The annual actuarial valuation
48 shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted
49 by the board of trustees, provided that the actuarial cost method adopted shall be in accordance
50 with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if
51 any, shall be amortized by level annual payments over a period not to exceed thirty years.

52 [4.] 5. The expense and contingency reserve shall be a reserve for investment
53 contingencies and estimated expenses of administration of the retirement system as determined
54 annually by the board of trustees.

55 [5.] 6. Gifts, devises, bequests and legacies may be accepted by the board of trustees to
56 be held and invested as a part of the assets of the retirement system and shall not be separately
57 accounted for except where specific direction for the use of a gift is made by a donor.

✓